



THE SECRETARY OF HEALTH AND HUMAN SERVICES

WASHINGTON, D.C. 20201

November 14, 2023

Dear Tribal and Urban Indian Organization Leader:

I am writing to ensure you are aware of and to provide you an update on suspected behavioral health treatment center fraudulent activities in Arizona that have directly impacted many American Indian and Alaska Native (AI/AN) families and communities. Please be vigilant and help us prevent this from affecting your communities.

On May 16, 2023, Arizona Governor Katie Hobbs and Attorney General Kris Mayes joined the Arizona Health Care Cost Containment System (AHCCCS) Office of Inspector General (OIG) to announce payment suspensions¹ against registered behavioral health providers of Medicaid services based on credible allegations of fraudulent billing activities. This first of many actions to stop these criminal activities was a coordinated effort by the Arizona Attorney General's Healthcare Fraud and Abuse Section, the Federal Bureau of Investigation (FBI), the Department of Health and Human Services (HHS), the U.S. Attorney's Office, and the Internal Revenue Service. The suspected false and fraudulent claims have been associated with unethical treatment practices, patient brokering, unnecessary services, and overcharging. These actions have led to the suspension of more than 100 unique registered behavioral health providers since the May 16 announcement, and the search for additional fraudulent providers continues.

Suspected fraudulent providers are believed to be targeting vulnerable AI/AN who are unsheltered and experiencing the impacts of substance use disorder (SUD) health conditions. Reports indicate the suspected fraudulent providers entice vulnerable individuals with food, money, shelter, and offer treatment and safe housing to lure them into facilities that do not provide treatment. Initially, suspected fraudulent providers focused on recruiting in reservation communities in Arizona and New Mexico, but more recently there are reports of recruitment efforts throughout Indian Country and direct solicitation to the Indian Health Service (IHS), Tribal Health Programs, and Urban Indian Health Programs in an effort to gain referrals.

Many residents displaced by the closure of suspected fraudulent facilities have reported that they were seeking shelter, food, and other human needs, and not SUD services. The IHS, Tribal leaders, Urban Indian Health Program leaders, the AHCCCS, and the State of Arizona have established mechanisms to help affected people receive care, transportation, and other needed services. This response has made clear the need for system improvements to adequately support people with SUDs that may be unhoused, and we are actively working to execute these improvements, requiring a *whole of government approach*.

¹ <https://www.azahcccs.gov/shared/News/PressRelease/PaymentSuspensions.html>

Thank you to Tribal and Urban Indian Health Program leaders who, along with our IHS staff and programs, continue to report concerns to the appropriate law enforcement entities to end this suspected fraudulent activity. This situation compounds the trauma and exploitation already experienced by AI/AN and contributes to the epidemic of Missing and Murdered Indigenous Persons. We encourage everyone to remain vigilant and continually aware of activities happening in our communities.

The IHS will provide regular communication, new information, and additional details as they become available. Several resources are immediately available:

- The AHCCCS regularly updates a list of providers whose payments have been suspended due to Credible Allegations of Fraud. <https://azahcccs.gov/Fraud/Providers/actions.html>
- The AHCCCS has established a dedicated member hotline at 2-1-1 (press 7) for members affected by the closure of a sober living home or residential facility. Resources can be alternatively reached at (602) 427-4614.
- The State of Arizona maintains a database of licensure and inspections of sober living and behavioral health residential facilities. Reports are public record and are available online. <https://www.azdhs.gov/licensing/index.php#azcarecheck>
- The HHS OIG has released a Consumer Alert: <https://oig.hhs.gov/fraud/consumer-alerts/fraud-alert-behavioral-health-otcs/>
- If you have any information regarding this fraud scheme, please direct tips to 1-800-HHS-TIPS (1-800-447-8477).
- The FBI has established a portal “Seeking Victim’s in the Phoenix Group Homes Targeting Native Americans Investigation” to gather information from potential victims of fraudulent behavioral health programs: <https://www.fbi.gov/how-we-can-help-you/victim-services/seeking-victim-information/seeking-victims-in-the-phoenix-group-homes-targeting-native-americans-investigation>

Fraudulent schemes like those described in this letter may exist undiscovered in other states. It is crucial to remain vigilant and protect yourself and your Tribal members from these deceptive schemes. The safety and privacy of patients is a priority of HHS, and we will continue to monitor and address the ongoing situation. Should you have any questions, please contact your IHS Area Office directly.

Sincerely,

Xavier Becerra